Army Benefits Center-Civilian

ABC-C FERS Briefing

Presented By:

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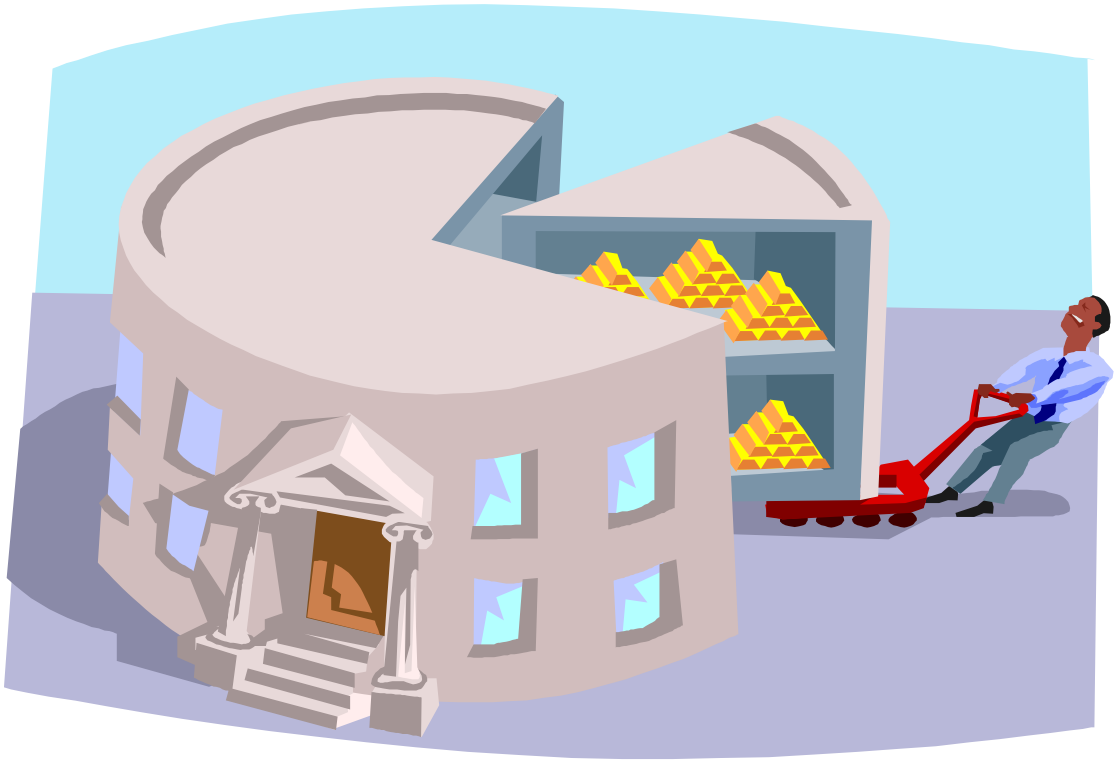
FERS RETIREMENT OVERVIEW

ARMY BENEFITS CENTER — CIVILIAN

RETIREMENT DECISIONS

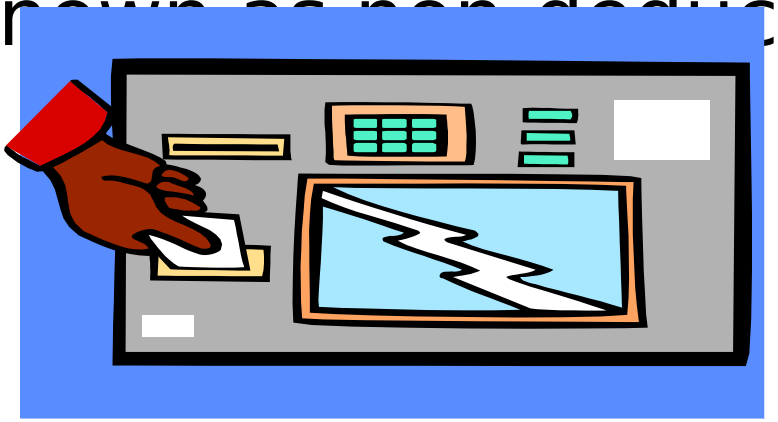
CIVILIAN SERVICE DEPOSIT/REFUND

FERS



WHAT IS DEPOSIT SERVICE?

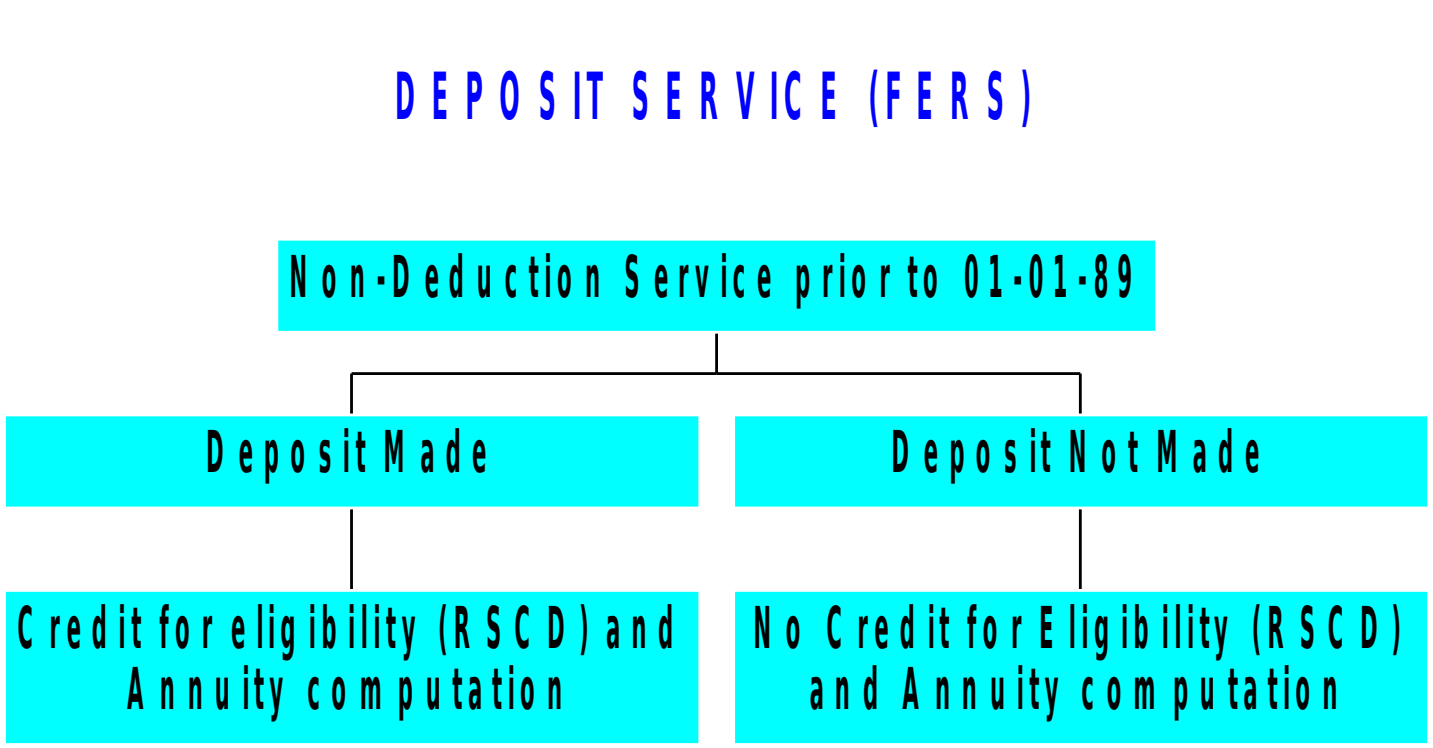
- Any period of creditable service during which retirement deductions are not taken
- Generally, non-career time such as temporary or indefinite service
- Also kn[illegible]ction service



DEPOSIT SERVICE

- However, it can also be service that was not considered Federal employment at the time it was performed, but for which a subsequent change in law now allows credit for retirement annuity computation purposes.

DEPOSIT SERVICE


DEPOSIT SERVICE (FERS)
Non-Deduction Service prior to 01-01-89
Deposit Made
Deposit Not Made
Credit for eligibility (RSCD) and Annuity computation
No Credit for Eligibility (RSCD) and Annuity computation

<u>Amount of Deposit</u>: 1.3% of basic pay earned + interest - FERS with CSRS component, CSRS rules apply - FERS with no CSRS component, FERS rules apply

DEPOSIT SERVICE

Deposit Service (FERS)

Non-Deduction on or after 01-01-89

DEPOSIT NOT ALLOWED

No credit for Eligibility or Annuity Computation

REFUNDED SERVICE

DEFINED AS: FERS Service for which retirement contributions were refunded to you.

NO FERS REDEPOSIT ALLOWED!

<u>Note</u>:

- FERS with CSRS component, CSRS rules apply - FERS with no CSRS component, FERS rules apply

MILITARY DEPOSIT

FERS

PRE 01-01-57
MILITARY SERVICE

No deposit required for creditable military service performed prior to 01-01-57

POST-56 MILITARY SERVICE

IN RECEIPT OF MILITARY RETIRED PAY

Based on Non – Combat Disability or Service

No Credit unless Military Retired Pay is waived

Based on Combat Disability or Chap 67, Title 10 (Reserves)

Must Pay to receive credit for Eligibility (RSCD) & Annuity Computation

POST-56 MILITARY SERVICE

Military Service on/after 01-01-57

↓

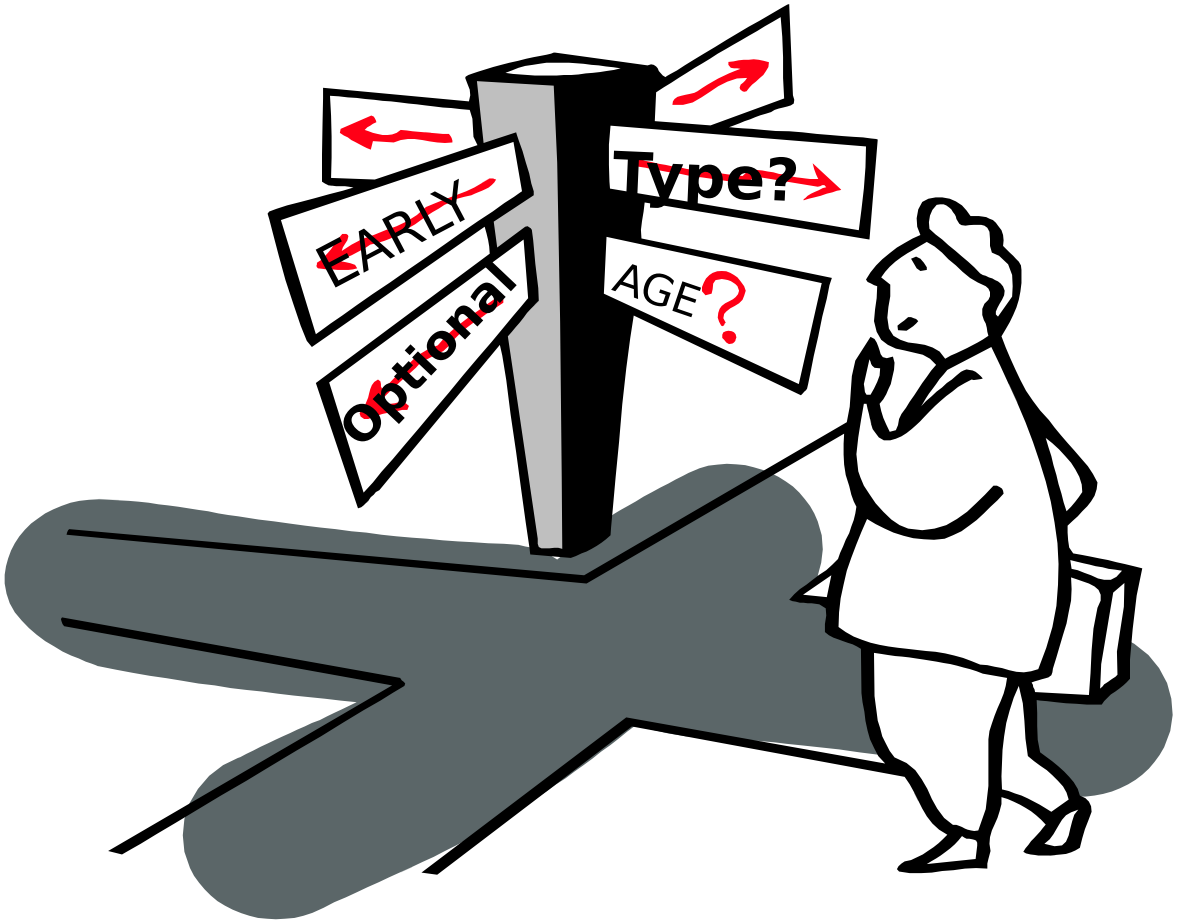
Must Pay to receive credit for Eligibility (RSCD) & Annuity Computation

Amount of Deposit:

- 3% of basic pay earned + interest

- May vary by date service was performed

RETIREMENT REQUIREMENTS



FERS OPTIONAL RETIREMENT

ELIGIBILITY REQUIREMENTS FOR VOLUNTARY RETIREMENT:

- **Minimum retirement age (MRA) w/30 years svc**
- **60 years of age with 20 years service**
- **62 years of age with 5 years service**
- **MRA with at least 10 years but not more than 30 years service:**
  - **5% reduction for each year under age 62**
  - **Not entitled to Annuity Supplement**

MRA + 10 CHART

IF YEAR OF BIRTH IS...	THE MINIMUM RETIREMENT AGE IS...
BEFORE 1948	55
1948	55 & 2 MONTHS
1949	55 & 4 MONTHS
1950	55 & 6 MONTHS
1951	55 & 8 MONTHS
1952	55 & 10 MONTHS
1953-1964	56
1965	56 & 2 MONTHS
1966	56 & 4 MONTHS
1967	56 & 6 MONTHS
1968	56 & 8 MONTHS
1969	56 & 10 MONTHS
1970 & AFTER	57

NOTE: SINCE EMPLOYEES BORN IN 1948 DO NOT REACH AGE 55

UNTIL 2003, THE MRA UNTIL THAT DATE IS 55

MINIMUM RETIREMENT AGE (MRA) + 10

✔ POSTPONING RETIREMENT BENEFITS

- Separating employees can reduce or eliminate the 5%
  age reduction by postponing the commencing date of
  their MRA + 10 annuities

- Sick leave is creditable in the computation of the CSRS
  annuity component for post-poned MRA + 10 retirement
  benefits

- FEHB and FEGLI coverage may be reinstated
  prospectively it at time of separation the

EARLY RETIREMENTS
VOLUNTARY/INVOLUNTARY

- **Early Out (Voluntary/VERA)**
- **Discontinued Service (Involuntary)**

- **Age 50 with at least 20 or more years of service**
  - **5 years of the 20 must be creditable civilian service**

- **Any age with at least 25 years of service**
  - **5 years of the 25 must be creditable civilian service**

- **No age reduction under FERS for early retirement**
  - **Unless employee has a CSRS component , CSRS portion of annuity will be reduced 2% each full year under age 55**

***NOTE*: You will receive Annuity Supplement if:**
- **you retire at or after your MRA**

FERS
ANNUITY SUPPLEMENT

- ***An estimated amount of Social Security benefits earned during FERS service***
- ***Benefit paid until age 62 to certain FERS employees who retire before age 62 and are entitled to an immediate annuity***
- ***Eligibility:***
  - ***Has at least 1 calendar year of FERS service <u>and</u>***
  - ***Retires with an immediate annuity…***
    - ***at or after MRA with 30 years***
    - ***at age 60 with 20 years of service***
    - ***at or after MRA under Early/DSR Retirement provisions (major RIF, reorganization)***
    - ***under Special Provisions (i.e., FF, LEO, etc.)***

FERS
ANNUITY SUPPLEMENT

- **Individuals NOT Eligible for Annuity Supplement**
  - **Disability Retiree**
  - **MRA + 10 provision**
  - **Deferred Annuity**
  - **Retiring at age 62 or older**

- **Duration of Retiree Annuity Supplement**
  - **Payable through the earlier of the following dates:**
    - **Last day of the month the retiree becomes age 62 or**
    - **Last day of the month before the first month retiree is entitled to Social Security benefits.**

DEFERRED RETIREMENT

• If you leave Federal service before meeting age and service requirements to retire:

•you may receive a deferred annuity at age 62 with at least 5 years of creditable service or at the minimum retirement age (MRA) with at least 10 years of creditable service (5% age reduction)
IF:

• you are not eligible for an immediate annuity within 1 month of separation; and

• you meet the minimum 5 years of creditable civilian service requirement at time of separation; and

Note: FERS Annuity Supplement is not payable. Your application for retirement is sent directly to OPM.

FEDERAL EMPLOYEES RETIREMENT SYSTEM

AGE

Date of Retirement

- Date of Birth

Age at Retirement

TOTAL SERVICE

Date of Retiremen

- Retirement SCD

Length of Service

UNUSED SICK LEAVE

1. For individual mandatorily covered by FERS:

-- No credit for any unused sick leave

2. For an employee who has transferred to FERS with a Civil Service component, the amount of sick leave credited is the lesser of:

--Sick leave balance on date of transfer to FERS

--OR--

RETIREMENT ANNUITY COMPUTATION (FERS)

- **FORMULA FOR COMPUTING ANNUITY FOR VOLUNTARY RETIREMENT:**

- **High-3 avg salary X 1.0% X yrs and mths of service**

- **High-3 avg salary X 1.1% X yrs and mths of service**

if employees are age 62 with 20+ yrs svc

***Best date to retire for annuity purposes is the last day of the month.**

REDUCTIONS & DEDUCTIONS

REDUCTIONS:

- **Age Reduction (MRA+10) [CSRS Component (VERA/DSR)]**
- **Deposit Service**
- **Election of Survivor Benefits**
- **Redeposit Service for CSRS component**

DEDUCTIONS:

- **Health Benefits**
- **Life Insurance**
- **Federal Income Taxes**

FERS SURVIVOR ELECTIONS AVAILABLE

Types of Survivor Elections:

- ☐ **Self only annuity (No survivor benefit)**
- ☐ **Current Spouse Survivor Annuity**
  - ☐ **Full (50% of your annuity)**
  - ☐ **Less/partial (25% of your annuity)**
- ☐ **Former Spouse Survivor Annuity**
  - ☐ **Full (50% of your annuity)**
  - ☐ **Less/partial (25% of your annuity)**
- ☐ **Combination of Current/Former**

SURVIVOR BENEFIT COST & REDUCTION

★ **Full/Max (50%) will cost = 10% of annuity**

 Partial (25%) will cost = 05% of annuity

Example: Maximum (50%) elected
Basic Annuity = $12,000
$12,000 x 10% = -
1,200 yearly cost After Reduction =
$10,800 yearly annuity

***Survivor will receive 50% of annuity = $6,000**

Example: Partial (25%) elected
Basic Annuity = $12,000
$12,000 x 05% = -
600 yearly cost After Reduction =
$11,400 yearly annuity

***Survivor will receive 25% of annuity = $3,000**

NON-APPROPRIATED FUND (NAF) RETIREMENT PROCESSING

- **NAF Retirement System - Contact nearest NAF**
- **FERS Retirement Plan - Contact the ABC-C**

PERSONNEL PROFESSIONALS IN PARTNERSHIP

FEHB & RETIREMENT

- **Continuation into Retirement:**
  - **Retires on an immediate annuity**
  - **Insured on date of retirement**
  - **Covered for the 5 years of service prior to retirement or since your FIRST opportunity to enroll**
  - **Coverage as a family member under FEHB or CHAMPUS/TRICARE counts towards 5 year requirement, however, employee must be enrolled in FEHB prior to retirement.**

FEHB & RETIREMENT

- Continuation into Retirement.
- Requirements for automatic waiver during Agency Buyout Period:
- Enrolled continuously since October 05, 1999 **or**
- the beginning date of an agency's latest statutory buyout authority, whichever is later. Employee(s) must:
  - Retire during the agency's statutory buyout period; **and**
  - Receive a buyout under the agency's statutory buyout period; **or**
  - Take Early Optional Retirement as a result of above; **or**
- Take a Discontinued Service Retirement (DSR) based on an involuntary separation due to RIF, directed reassignment, reclassification to a lower grade, or abolishment of position.

FEGLI & RETIREMENT

Continuation into Retirement

- Retires on an immediate annuity
- Insured on date of retirement
- Insured for the 5 years of service prior to retirement **or** since your FIRST opportunity to enroll
  - Election Form: SF2818- Continuation of Life Insurance Cove

FEGLI & RETIREMENT

BASIC LIFE OPTIONS:

Basic Insurance Amount (BIA) is based on your final annual salary rounded up, plus $2,000. Ex: $36,400 = $37,000 + $2,000 = $39,000*

Options	Before age 65	After age 65
1. 75% reduction	BIA x .3250 (per $1,000) ex: $12.68 per mth	NO COST Coverage reduces 2% per mth for 37.5 mths until it reaches a final value of $9,750
2. 50% reduction	BIA x .9250 (per $1,000) ex: $36.08 per mth	BIA x .6000 (per $1,000) ex: $23.40 per mth Coverage reduces 1% per mth for 50 mths until it reaches a final value of $19,500
3. NO reduction	BIA x 2.1550 (per $1,000) ex: $84.05 per mth	BIA x 1.8300 (per $1,000) ex: $71.37 per mth

FEGLI & RETIREMENT

OPTION A - STANDARD COVERAGE

- ***OPTION A - Standard = $10,000 coverage***

Age Group	Monthly Cost
Under 35	$0.65
35 thru 39	$0.87
40 thru 44	$1.30
45 thru 49	$1.95
50 thru 54	$3.03
55 thru 59	$5.85
60 thru 64	$13.00
65 & above	NO COST

*At Age 65 coverage reduces by 2% per mth for 37.5 mths until it reaches $2,500

FEGLI & RETIREMENT

OPTION B - ADDITIONAL COVERAGE

(1 - 5 MULTIPLES OF PAY)

*OPTION B - Ex: Annual Salary $36,400. 1x Multiple elected = *$37,000*

Age Group	Mthly Cost @ $1000	*Mthly Cost (1X)
Under 35	$0.065	$2.41
35 thru 39	$0.087	$3.22
40 thru 44	$0.130	$4.81
45 thru 49	$0.195	$7.22
50 thru 54	$0.303	$11.21
55 thru 59	$0.607	$22.46
60 thru 64	$1.300	$48.10
65 thru 69	$1.538	$56.91
70 thru 74	$2.232	$82.58
75 thru 79	$3.098	$114.63
80 & above	$3.965	$146.71

FULL Reduction: At age 65, no cost & coverage reduces by 2% per month for 50 months at which time coverage ends

NO Reduction: Coverage and premium continues

FEGLI & RETIREMENT

OPTION C - FAMILY COVERAGE

(1 - 5 MULTIPLES OF PAY)

OPTION C - Spouse = $5,000 (1x Multiple) / Each Child = $2,500 (1x)

Age Group	Mthly Cost per Multiple	Mthly Cost (1x)
Under 35	$0.59	$0.59
35 thru 39	$0.74	$0.74
40 thru 44	$1.00	$1.00
45 thru 49	$1.30	$1.30
50 thru 54	$1.95	$1.95
55 thru 59	$3.14	$3.14
60 thru 64	$5.63	$5.63
65 thru 69	$6.50	$6.50
70 thru 74	$7.37	$7.37
75 thru 79	$9.75	$9.75
80 & above	$13.00	$13.00

FULL Reduction: At age 65, no cost & coverage reduces by 2% per month for 50 months at which time coverage will end

NO Reduction: Coverage and premium will continue

TSP & RETIREMENT

TSP Service Office
National Finance Center
P.O. Box 61500
New Orleans, LA 70161-5000

Telephone: (504) 255-6000 Automated: (504) 255-8777 Monday through Friday, 7:00 a.m. - 4:30 p.m. CST

www.tsp.gov

TSP & RETIREMENT

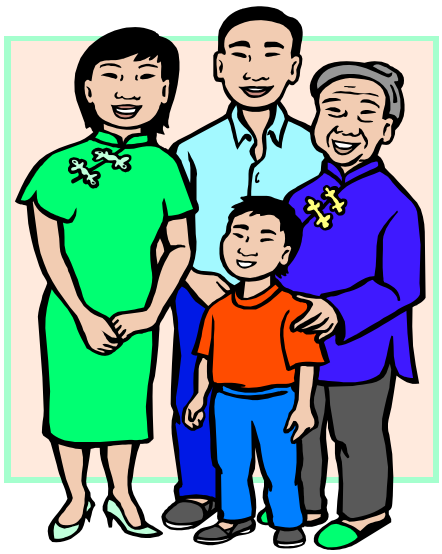
OPTIONS:

- Automatic cashout
- Leaving money in the TSP
- Partial Withdrawal of at least $1,000 (one time in career)
- Full Withdrawal
  - Single payment
  - Monthly payments
  - Life annuity
- Mixed Withdrawal

HOW TO APPLY:
TSP-70 FORM - Withdrawal Request

DESIGNATION OF BENEFICIARY

- **Order of Precedence:**
  - **Court Order**
  - **Designation of Beneficiary**
  - **Widow or Widower**
  - **Children (and/or descendants of deceased children)**
  - **Parents**
  - **Executor or administrator of estate**
  - **Next of kin**



ABC RETIREMENT PROCEDURES & PROCESS

- *180 days prior to retirement:*
  - *contact the ABC-C for retirement estimate & information*

- *90-180 days prior to retirement:*
  - *download forms from ABC-C website, or contact ABC-C for forms*
  - *call ABC-C with questions on retirement estimate*
  - *call ABC-C for help with the retirement forms*

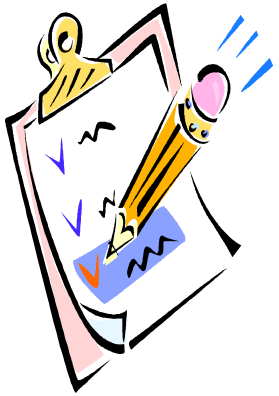
- *90 days prior to retirement:*
  - *mail retirement forms to ABC-C*

ABC RETIREMENT PROCEDURES & PROCESS

- *ABC-C receives your retirement package:*
  - *sends letter acknowledging receipt*
  - *does quick review of retirement package*
  - *sends letter requesting missing forms*
  - *requests OPF*

- *30-60 days prior to retirement:*
  - *retirement package assigned to counselor*

ABC RETIREMENT PROCEDURES & PROCESS



- *ABC-C retirement counselor:*
  - *reviews OPF for service history*
  - *thoroughly reviews retirement package for missing, incomplete, incorrect forms*
  - *contacts you about missing forms*
  - *contacts you for final retirement counseling*

- *2 - 4 weeks prior to retirement:*
  - *retirement package processing is completed*

ABC RETIREMENT PROCEDURES & PROCESS

- *2-4 weeks after retirement date:*
  - *final paycheck is received*
  - *lump sum annual leave is paid*
  - *lump sum VSIP is paid*
  - *bi-weekly VSIP payments begin*

- *8-10 weeks after retirement:*
  - *receive 1st INTERIM payment*
  - *receive letter from OPM with CSA number*

Office of Personnel Management Retirement Operations Center P.O. Box 45
Boyers, PA 16017

www.opm.gov
email: retire@opm.gov
Tel: 1-888-767-6738

Social Security Administration
www.ssa.gov
www.medicare.gov
Tel: 1-800-772-1213

IRS Publication 721
www.irs.gov

FOR ADDITIONAL RETIREMENT INFORMATION

CONTACT THE ABC-C

- ***Toll Free 1-877-276-9287***
- ***Hearing Impaired TDD 1-877-276-9833***
- ***Counselors available from 6 a.m. - 6 p.m. (CST)***
- ***Web site: https://www.abc.army.mil***

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